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C O N F I D E N T I A L SECTION 01 OF 04 MEXICO 002217

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SUBJECT: AN IMAGE OF A TYPICAL MEXICAN LABOR LEADER

Classified By: LABOR COUNSELOR KEVIN L. RICHARDSON REASONS 1.4 (B AND D)

11. CLASSIFIED LABOR COUNSELOR KEVIN L. RICHARDSON REASONS 1.4 (b and d)

12. (SBU) SUMMARY: With very few exceptions the image held by the general public in Mexico of a typical labor leader is extremely negative. More often than not labor leaders are seen as corrupt figures who live dishonestly from the hard toil of genuine workers. Labor leaders are frequently viewed on a par with shady politicians and in fact many have served in elected office or legislative bodies at either the federal, state or local levels; dedicating themselves not to the public good but rather to personal enrichment. Objectively speaking, it would be difficult to dispute many of the criticisms leveled against Mexican labor leaders. However, the reality of labor leaders in Mexico often defies simplistic categorization. A good example of the mix of the negative and the positive that is so much a part of the reality of Mexican organized labor can be seen in the person who currently heads the larger faction of a national labor federation in the western state of Jalisco. This individual is a respected leader (within his federation), a successful politician who has held various public offices, a recognized (again within his federation) fighter for worker rights but one who nevertheless has a foot in both the worlds of labor and capital. This individual is typical in that he embodies many of the factors that have contributed to the decline of organized labor in Mexico. END SUMMARY.

A NEGATIVE PUBLIC IMAGE  
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13. (U) For a large portion of the Mexican general public words like corrupt, shady, dishonest and gangster define their image of a typical labor leader. Such leaders are seldom viewed as figures of respect fighting the good fight on behalf of the workers. Instead they are usually seen as being part of a remote elite who have little understanding of or interest in improving the lot of Mexican workers. Mexican labor leaders are generally held in the same low esteem reserved for the country's more notorious politicians in that most people do not see either group as being particularly accountable to them. In some regards politicians may even be looked upon in a slightly more favorable light since Mexican law prohibits their re-election (consecutively to the same post) while labor leaders can be and often are effectively elected for life.

14. (C) Mexican labor union officials are commonly seen as a

collection of disreputable individuals primarily interested in maintaining a staggering list of perks and who only diligently apply themselves to personal enrichment at the expense of the worker. That said, the reality of labor leaders in Mexico is a complex mix of the positive and the negative. Although there are many labor leaders in Mexico who undoubtedly deserve their negative reputations there are many, many others who conscientiously work to carry out their responsibilities. A good example of a labor leader whose record reinforces many of the positive and negative images associated with high level union officials is the man who is currently the Secretary General of the bigger faction of Mexico,s third largest national labor federation in the western state of Jalisco, Alfredo Barba Hernandez.

#### A (LABOR) STAR IS BORN

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15. (C) Alfredo Barba Hernandez is the head of the Regional Federation of Workers and Peasants (FROC) which is the state level branch of the Revolutionary Confederation of Workers and Peasants (CROC) in the western Mexican state of Jalisco. The CROC is divided into two factions in Jalisco and Barba Hernandez is the leader of the larger faction. Moreover, on the national level, the CROC is the third largest labor federation in Mexico and Barba Hernandez serves on the federation,s National Executive Committee.

16. (U) Barba Hernandez was born in rural Jalisco in May of 1944 into a family of farm workers. At around age 12 he began working in a tequila factory. At approximately age 14

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he moved to the state,s capital city of Guadalajara and obtained a job in a dairy factory. In 1960 Barba Hernandez got a better job at another dairy factory named &Lechera Guadalajara8. At that same time he first became involved in union activities and to this day is still officially a member of the Lechera Guadalajara union. Within four years of becoming a Lechera Guadalajara employee Barba Hernandez not only rose in the dairy factory,s union but also became the coordinator of what was then an umbrella organization of labor organizations in Jalisco representing the CROC.

17. (U) Officially the CROC is affiliated with Mexico,s former ruling party, the Institutional Revolutionary Party (PRI). The PRI is now one of Mexico,s two main opposition parties and in both good times and bad, Barba Hernandez has been an active party member. As a prominent labor leader Barba Hernandez became very effective at being able to deliver the union vote. His effectiveness won recognition for him within the PRI which ultimately rewarded Barba Hernandez with elected positions. Over time Barba Hernandez has served on the city council and as the Mayor of one of the five cities that make up the Guadalajara metropolitan area. He has served twice in the Jalisco state legislature and at present is serving for the third time as a Federal Deputy in Mexico,s national legislature. None of these positions would have been available to him had he not been able to regularly deliver the union vote.

#### ILL-GOTTEN GAINS OR JUST GOOD NEGOTIATIONS?

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18. (SBU) One of the most regularly heard complaints about labor leaders in Mexico is that they routinely amass incredible amounts of wealth and that they live lifestyles that would make the rich and famous blush. Mexican Federal Labor Law guarantees union autonomy. This autonomy has been interpreted to mean that unions are only financially accountable to their members and in practice even this limited oversight is effectively non-existent. Labor leaders have full and complete control over the use of all union funds, dues and properties which, in the view of many

Mexicans, is an open invitation for corruption. Since no labor leader is ever required to account outside of their organization for his/her use of union funds the natural assumption is that the vast wealth they all seem to acquire comes from the use or misuse of union resources.

¶9. (C) In the case of Alfredo Barba Hernandez, according to recent media reports, his estimated worth is somewhere around \$40 million pesos (approximately USD 4 million). He owns at least 15 cars, among them six BMWs, three Audis, three Acuras and a Cadillac Escalade. His main residence in Guadalajara is in one of the most exclusive zones in the metropolitan area (which he personally acknowledged to Mission Mexico Labor Counselor) and he owns numerous houses and penthouse apartments in and around Guadalajara. For most observers it is hard to credit that Barba Hernandez acquired his wealth legitimately. There is certainly no way to tell definitively whether his income and possessions were all acquired through legal and ethical means. However, there is good reason for him to assert that a fair portion of his wealth was obtained by perfectly legal means.

¶10. (C) The main source of Barba Hernandez, wealth has its roots in his time as a recently elevated union official back when he began working in the Lechera Guadalajara dairy. Whenever contract negotiations with the dairy company occurred Barba Hernandez routinely declined all but the most basic salary and benefit increases in favor of receiving shares of the company's stock. It appears that he negotiated this stock deal for himself and not for the union in general but this was not and apparently still is not illegal under Mexican law. Lechera Guadalajara produces one of the more widely sold brands of milk in Mexico known as Sello Rojo.

¶11. (C) Lechera Guadalajara is owned by a family that has long ties to the ruling National Action Party (PAN) in Jalisco. The PAN is now in control of Mexico's federal government and one of the family's largest individual stock holders is currently a highly placed official in the GOM's Secretariat of Government (Interior Ministry). If they were so inclined, this family and this official could have ensured that Lechera Guadalajara always received preferential

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treatment from both the Jalisco state and the Mexican federal government. Needless to say, whenever the company stock went up, Barba Hernandez, wealth increased as well.

¶12. (C) Another way that Barba Hernandez helped ensure his own (financial) well being was by promoting the goods his union members produced. Over time Barba Hernandez and the FROC/CROC unions he represents has successfully negotiated contracts with a number of national pizzeria chains. The CROC as a national union is strongly represented in the food service industry and Barba Hernandez has made sure that as part of the collective bargaining contracts for various pizzeria restaurants the chains were all compelled to buy their cheese and other dairy products from Lechera Guadalajara. These contracts have ensured that employment at Lechera Guadalajara remains high and salaries for the workers there nationally competitive. The contracts were clearly win-win arrangements for Lechera Guadalajara, the workers and Barba Hernandez whose wealth increased every time the dairy producers made money. The ethics of these obligatory cheese purchase contracts can be argued but the workers in the dairy factory and probably those in the pizza restaurants all benefited. Moreover, none of this in any way violates applicable Mexican law.

#### A LEADER WITH CONSIDERABLE SUPPORT

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¶13. (SBU) The sharp criticisms of Mexican labor leaders notwithstanding, many of them have considerable support; at

least among union members if not necessarily with the general public. In the case of Barba Hernandez, over the past two years he has wrested control of the FROC/CROC from a more senior leader who was long respected in Jalisco. Barba Hernandez was able to do this by convincing a significant number of CROC affiliated unions in Jalisco that he would be better at defending the interests of the state,s workers. His effort to gain control of the union leadership in Jalisco divided the CROC at the state level but Barba Hernandez was able to show that he had the support of the federation,s national leadership as well as the support of an impressive number of PRI elected officials in both houses of Mexico,s national legislature. Alfredo Barba Hernandez is undoubtedly a force within his labor organization at both the state and the national levels.

COMMENT

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¶14. (C) Alfredo Barba Hernandez is clearly a success in the world of Mexican organized labor. He may well have bent some rules and his business ethics may be questioned but as far as is known he has done nothing flagrantly illegal. At least there is no indication that he has broken any laws with regard to his dealings with the dairy company or the pizzeria chains. On the other hand his accomplishments and lifestyle would not be possible in a country with different or perhaps more strictly interpreted labor laws. Most people who see Barba Hernandez do not know the origins of his wealth and assume that as a labor leader he must have gotten his money by in some way abusing the workers he is supposed to represent.

¶15. (C) For most members of the Mexican general public this assumption has placed him in the same category with other labor leaders whose wealth was obtained in much more questionable ways. At the end of the day, even for relatively faultless labor leaders like Alfredo Barba Hernandez, the appearance of wrongdoing taints them all. This appearance (and often more than just an appearance) of wrongdoing and self enrichment embodies many of the factors that have contributed to the decline of organized labor in Mexico. Outside of their immediate circles of supporters many labor leaders in Mexico are not seen as persons the average Mexican wants to associate with in their professional lives or to whom they are prepared to trust their economic well-being. Consequently, when given a choice many Mexican think twice about being in any way affiliated with Mexican organized labor.

¶16. (U) This message was cleared with AmConsul Guadalajara.

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